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GLOBAL ECONOMY

WTO Farm Talks Chair Welcomes Negotiating "Shift in Gear"

The chair of the WTO agriculture talks has [welcomed](#) what he called a "shift in gear" as members tabled several new proposals ahead of negotiating meetings held last week.

Vangelis Vitalis, the New Zealand ambassador who chairs the negotiations, told members that an "overwhelming majority" of countries favour an outcome on farm subsidies at the global trade body's ministerial conference in Buenos Aires in December 2017.

However, he also said that key countries were "signalling difficulties" in this area.

Trade sources told Bridges that continued differences between the US and China are one key factor affecting the negotiations.

Beijing insists that a 2008 draft text should form the basis of talks in this area, while Washington argues that this would allow China to avoid meaningful cuts in its fast-growing farm subsidy programmes.

Vitalis said that negotiators were still "some way away from knowing" what the content or contours of a farm subsidy deal would look like for the Buenos Aires conference.

However, he also said that there was "broad agreement" that agriculture should form part of any outcome from the ministerial meeting.

Cap subsidies, say African, Caribbean, and Pacific countries

A new proposal tabled by the African, Caribbean, and Pacific (ACP) group of countries calls for placing an overall cap on farm subsidies. The group argues that farmers in the group have been negatively affected by imports of highly subsidised agricultural goods, while ACP exports have also had to face unfair competition in markets abroad.

The group argues that new rules should establish a “binding overall comprehensive limit to the sum of all trade-distorting domestic support,” as well as setting product-specific limits to avoid subsidies being concentrated on particular farm goods.

The proposals echo approaches suggested by Brazil and a group of other Latin American countries in a separate submission. (See Bridges Weekly, [17 November 2016](#))

“Domestic support is a priority,” one negotiator familiar with the ACP view told Bridges.

The group also called for special treatment to be granted to developing countries. Small, vulnerable economies, net food-importing developing countries, and least developed countries would benefit from additional flexibilities.

Existing rules allowing developing countries to be able to provide input and investment subsidies should remain unchanged, the group said.

Targets for Buenos Aires

The ACP argues that, by the time of the Buenos Aires ministerial, members should agree to new, lower caps on developed countries’ maximum permitted “amber box” support – the category of highly trade-distorting state aid which certain countries are currently allowed to provide under existing WTO rules so long as this does not exceed an agreed ceiling.

By the same date, a cap should also be established for other countries’ maximum permitted levels of overall trade-distorting support. At the WTO, this has traditionally been defined as amber box payments, plus production-limited payments in the so-called “blue box,” as well as trade-distorting “de minimis” payments. The latter are allowed as long as they do not exceed a certain percentage of the value of farm production.

WTO members should also seek to agree “substantial reductions of, with a view to eliminating” all trade-distorting domestic subsidies for cotton production, the group said. West African countries in particular have long sought cuts in trade-distorting support for cotton, which they argue harms poor farmers that depend on the crop for their livelihoods. (See Bridges Daily Update, [19 December 2015](#))

Exporting countries call for end to farm safeguard

A separate proposal tabled by eight farm exporting countries calls for the elimination of the “special agricultural safeguard” – an instrument that was agreed as part of the existing WTO Agreement on Agriculture when this was concluded over two decades ago, but which many exporting countries see as creating an unwanted barrier to farm trade.

“Article 5 of the Agreement on Agriculture shall expire from the date of adoption of this decision,” propose the sponsors.

The proposal, which is dated 11 November, is co-sponsored by Paraguay, Argentina, Australia, Colombia, New Zealand, Pakistan, Uruguay, and Vietnam.

As the special agricultural safeguard is only available to a limited number of countries that converted non-tariff measures to tariffs during the previous Uruguay Round of trade talks, many developing countries have separately argued that a new “special safeguard mechanism” should be agreed so that they can protect poor farmers from sudden import surges and price depressions.

At the Nairobi ministerial conference last December, trade ministers agreed to this demand in principle, but without spelling out any details of how the new mechanism might work.

A separate negotiating session held last week discussed the issue, but without making any significant progress, sources told Bridges.

Public food stockholding

Another negotiating meeting convened by Vitalis last week sought to make progress on problems that some developing countries say they face under WTO rules when buying food at government-set prices as part of their public stockholding programmes for food security purposes.

WTO members have agreed to work towards a "permanent solution" to the issue before the end of next year – although trade sources told Bridges that little common ground was apparent at the negotiating session last week.

China, India, and other countries in the G-33 developing country coalition have argued that these food purchases should be permitted without limits under WTO rules, warning that food price inflation since original farm subsidy rules were first agreed could now mean that some countries are at risk of breaching their commitments in this area.

However, many other developed and developing countries have warned that doing so could distort trade, potentially also undermining food security in other parts of the world.

"There might be another deadlock here," said one trade negotiator who attended the meeting.

Sustainable Development Goals

Vitalis told the meeting that increasing numbers of WTO members were expressing an interest in how the trade body's talks on farm trade could contribute to achieving the Sustainable Development Goals – a set of commitments which governments agreed on at a United Nations summit in New York in September 2015. (See Bridges Weekly, [30 September 2015](#))

"These leader-level objectives contain several commitments directly relevant to our negotiations," Vitalis said.

The WTO's Nairobi ministerial conference in December 2015 made progress on one component of the new global agenda, by reaching an agreement on eliminating agricultural export subsidies. (See Bridges Daily Update, [19 December 2015](#)).

Vitalis reminded negotiators that the goals also commit countries to "correct and prevent trade restrictions and distortions in world agricultural markets," as part of a number of measures which seek to end hunger and malnutrition by 2030.

ICTSD reporting.

SERVICES

TiSA Ministerial Cancelled, Officials To Prepare for 2017

A planned ministerial meeting for countries involved in negotiating a plurilateral services trade agreement has been called off, sources confirmed, with negotiators and ambassadors to meet instead in order to review progress to date and prepare for 2017.

The Trade in Services Agreement (TiSA) has been under negotiation since 2013 and currently includes 23 WTO members, counting the EU and its 28 member states as one participant. The group [covers](#) approximately 70 percent of world services trade, with participants making up 65 percent of global GDP.

Sources say that the decision to cancel the ministerial was confirmed at a TiSA ambassadors' meeting on Friday 19 November, at which point they determined that a deal would not be possible this year as previously envisioned. (See Bridges Weekly, [27 October 2016](#))

The goal of the ministerial had been to reach a political-level accord on TiSA, though sources noted that some additional work such as conducting a legal "scrub" of the text and verifying schedules would still have required more time.

Remaining work

The reason for the ministerial cancellation, sources say, was partly due to the need to resolve certain other key issues, such as reaching an outcome on cross-border data flows and resolving a debate over how to deal with "new services" in members' schedules. Some also referred to potential uncertainty over the position of the incoming US administration.

An outcome on data flows is considered to be pending the submission of an EU proposal, which is still undergoing internal domestic processes. When such a proposal – which would aim to balance the interest in free flows of data with privacy considerations – might secure the necessary internal approval before being tabled within TiSA for negotiation is not yet clear.

Resolving a disagreement over the interest some members have expressed in including a reservation in their schedules for "new services" is another pending topic.

Some TiSA participants, including the EU, have reportedly included such a reservation in their offers, while noting that no "new services" have been created since the WTO's General Agreement on Trade in Services (GATS) that do not fall under the existing UN classification system – suggesting that the issue is more of a theoretical one.

Given that the TiSA accord takes a "negative list" approach on national treatment commitments, some other participants such as those involved in the Trans-Pacific Partnership (TPP) accord have reportedly argued that keeping such reservations could potentially lead to an imbalance in commitments and leave a significant loophole open as well.

However, multiple sources speaking to Bridges confirmed that the recent weeks of talks had seen positive progress overall, particularly in light of the negotiating round held in early November. Many areas are reportedly close to completion, pending additional technical work and some final political decisions.

The revised market access offers in October reportedly saw some notable improvements by some participants, which sources said marked another positive development, while noting that nothing is final yet. (See Bridges Weekly, [27 October 2016](#))

Coming up

The upcoming meetings in December will aim to review the progress made so far, as well as to safeguard these advances in order to resume talks on that basis next year, though when the talks may continue exactly is not yet clear.

Sources say that chief negotiators are due to meet in Geneva from 6-7 December, with ambassadors to gather on 8 December. Intersessional discussions will continue in the meantime to advance technical work.

ICTSD reporting.

GLOBAL ECONOMY

Asia-Pacific Leaders Consider Next Steps for TPP Accord

US President-elect Donald Trump confirmed on Monday that he would be pulling the United States out of the Trans-Pacific Partnership (TPP) upon taking office, in a move that has left fellow Asia-Pacific trading partners considering how this will affect plans for deepening trade ties in the region.

The announcement was conveyed by a [video message](#) posted on YouTube, in which the incoming US leader outlined a series of executive actions which he intends to enact during his first 100 days in public office, based on what he termed "a simple core principle: putting America first."

First among his list of actions was trade, with Trump then following with other items such as removing curbs on shale energy and coal production, as well as cutting back on business regulations and investigating "abuses of visa programmes that undercut the American worker."

"On trade, I am going to issue a notification of intent to withdraw from the Trans-Pacific Partnership, a potential disaster for our country. Instead, we will negotiate fair, bilateral trade deals that bring jobs and industry back onto American shores," said Trump.

The announcement was far from new, given Trump's repeated promises on the campaign trail to rip up those trade accords that he finds are not sufficiently beneficial to the US.

Trump has not yet specified how he would approach new bilateral deals, neither in terms of their content nor in terms of their strategic positioning relative to the various other economic integration efforts underway around the world, including in the Asia-Pacific region. The president-elect also has not explained what aspects of the TPP he dislikes, besides the fact that it is a multi-country accord.

Congressional leaders in the committees that work on trade have said that they do have an interest in engaging with the Asia-Pacific region, and hope that Trump supports such a goal once taking office in January.

"That Asia-Pacific region will hold half of all the middle-class customers on the planet by the end of the decade. We want to be in there. And if we withdraw from that field, our economy suffers," [said](#) Representative Kevin Brady, the Texas Republican who chairs the House Ways and Means Committee.

Speaking to the Wall Street Journal after Trump's announcement, Brady also warned against ignoring the potential of that particular market. "I'm hopeful the new president gives us a chance to make the case to keep what's good in trade and creates jobs, and fix what's perceived to be bad," he said, according to an interview transcript provided by his office.

White House Press Secretary Josh Earnest [told reporters](#) in Washington on Tuesday that not moving forward on the TPP in the US would be "a significant missed opportunity for the American people," allowing other major players in the region such as China to advance their own trade accords that would not necessarily be built around US interests.

TPP leaders debate next steps

The announcement of the US' impending TPP exit has left the next steps for the accord – which took several years to negotiate – largely uncertain.

Some other TPP officials have suggested that perhaps Trump could change his mind, even at this stage, despite his multiple public pronouncements of wanting to leave the accord.

"Certainly the United States is a key anchor for all of the TPP countries," said Australian Trade Minister Steven Ciobo in an interview with the Sydney-based 2GB radio station. "We are very keen, though, recognising that many benefits would flow from this deal, to push ahead. We need to give the US time."

In a separate [interview](#) on 22 November, the Australian official said that his government intends to continue with TPP ratification, as are others.

"As I mentioned there is a substantial period of time that can elapse yet. And that gives the Americans time to remain abreast of the various developments with respect to ratification of the TPP," said Ciobo.

Meanwhile, Mexican Economy Secretary Ildefonso Guajardo has suggested that there may be other ways to proceed, for instance to see if the TPP could be split into bilateral deals.

"To move ahead is to have it ready for whether countries decide to continue in this [current] process, or if not to do as other countries have done, analysing pathways to integration or converting the TPP negotiation into bilateral deals. These are options to analyse," he told reporters in Mexico City.

Leaders from some fellow TPP countries have openly questioned whether there would be value in advancing a deal without the US. (See Bridges Weekly, [8 October 2015](#))

Japanese Prime Minister Shinzo Abe told reporters in Buenos Aires this week that a TPP deal without the US would effectively have "no meaning" given the balance of trade-offs struck between the 12 countries in the negotiations. Abe had met with Trump just last week in New York, with the TPP expected to be among the subjects discussed. (See Bridges Weekly, [17 November 2016](#))

Meanwhile, Singaporean Prime Minister Lee Hsien Loong said that a TPP without the US would essentially entail a new deal entirely, according to comments reported by Channel News Asia.

"That means the 12 [countries] minus one will have to get together and sign an agreement with a different coming-into-effect clause. And that is fresh negotiation, and that is not so easy to do," said the Singaporean premier in Lima.

He added, however, that the group was not yet at that stage and suggested that it was still worth watching to see what the US president-elect does once actually in office.

Indeed, the news of Trump's plans came just days after leaders from the 12 TPP countries met in Lima to take stock of any advances seen in their domestic ratification procedures, along with what may lie ahead for the mega-regional accord.

"President Obama conveyed that as we continue to engage globally, we must also continue to find ways to ensure that trade agreements contribute to our shared objective of reducing inequality," said a White House [readout](#) of the discussions.

"Our partners made very clear during the meeting that they want to move forward with TPP; preferably, they'd like to move forward with the United States," Obama [told reporters](#) in Peru last week.

The TPP currently includes 12 signatories: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam.

Eyes on RCEP, FTAAP

What the TPP developments could mean for other regional integration projects remains an open question, with some analysts suggesting that it could help inject these with additional momentum.

For example, a group of 16 Asia-Pacific countries – including all ten members of the Association of Southeast Asian Nations (ASEAN), as well as Australia, China, India, Japan, New Zealand, and South Korea – is in the process of negotiating a separate accord on trade and investment.

In other words, the accord involves ASEAN and its six FTA partners, [aiming](#) to deepen economic ties within the region.

That deal is known as the Regional Comprehensive Economic Partnership (RCEP), and is narrower than the TPP in scope. It covers nearly 30 percent of global GDP, though it does not include the US among its participants. Negotiators and ministers from the RCEP countries have both met over the past month to advance the talks, though a deal is no longer expected in 2016. (See Bridges Weekly, [10 November 2016](#))

RCEP officials are now [planning](#) a sixteenth round of talks next month in Indonesia, along with developing a provisional work programme and hosting schedule for the coming year.

Another project that would likely be affected is a planned "Free Trade Area of the Asia Pacific," (FTAAP), a long-standing idea with backing by both the US and China which has seen renewed interest in recent years.

The FTAAP would potentially involve all members of the 21-country Asia-Pacific Economic Cooperation (APEC) group, which includes both the US and China, as well as all of the TPP's signatories and several other countries from the region.

APEC ministers and leaders met this past weekend in Lima, Peru, with progress on the FTAAP plans one of the major topics on the agenda. On the FTAAP, leaders endorsed a "collective strategic study" which had been mandated by a 2014 "roadmap" endorsed in Beijing, and affirmed their commitment to continue with this project. (See Bridges Weekly, [6 November 2014](#))

"We reiterate our commitment to the eventual realisation of the FTAAP as a major instrument to further deepen APEC's regional economic integration agenda," said the group's leaders in their closing [declaration](#).

An annexed "[Lima Declaration on FTAAP](#)" provides a series of recommendations, confirming that the planned free trade deal would be conducted in parallel to APEC, but outside of it. It also refers to what overall goals and principles should guide the process, and says that the future deal should build on the various other trade initiatives already underway in the region – including TPP and RCEP.

"We reaffirm that the FTAAP should do more than achieve liberalisation in its narrow sense; it should be high quality and comprehensive, and incorporate and address 'next generation' trade and investment issues," the annex [says](#).

It also affirms that APEC economies will review by the end of the decade how “current pathways” are contributing to helping the FTAAP become a reality, in order to see what more work will be needed. Officials have also been directed to examine how so-called “next generation” trade and investment issues are being dealt with in regional trade deals and at the World Trade Organization, among various other instructions.

Officials are due to provide updates on FTAAP-related work in 2018 and 2020, in line with already scheduled updates on the implementation of the “[Bogor Goals](#)” adopted in 1994, which aim at slashing trade and investment barriers in the region.

Shifting trade landscape

Whatever the outcome on these multiple fronts, trade officials say that the various political shifts seen in major economies over the past year could potentially have long-term implications for the global trading scene, and are really driving home the need to make trade deals more responsive to the communities who have not experienced their potential benefits.

“Recent political developments could also have a significant effect on the trading landscape – from the Brexit referendum in the UK to the new administration in the US and upcoming elections in many big traders. It’s early to tell what those effects could look like, but we must be watchful,” [said](#) WTO Director-General Roberto Azevêdo during the APEC ministerial meeting which preceded the leaders’ summit.

ICTSD reporting; “TPP ‘has no meaning’ without US, says Shinzo Abe,” FINANCIAL TIMES, 22 November 2016; “TPP without the US would mean a new agreement, but would be a great loss: PM Lee,” CHANNEL NEWS ASIA, 21 November 2016; “Acuerdos bilaterales, opción a la salida de EU del TPP: Guajardo,” LA REDACCIÓN, 22 November 2016.

GLOBAL ECONOMY

In Final Europe Trip, Obama Outlines Vision of Continued Transatlantic Cooperation

Outgoing US President Barack Obama met last week with the leaders of Germany, the United Kingdom, France, Italy, and Spain to discuss the future of transatlantic cooperation, broaching the subjects of economic partnership and integration in the wake of the impending leadership change in Washington and upcoming elections in certain EU member states.

The trip to Berlin represented Obama's sixth and final visit to the German capital before he passes the baton to President-elect Donald Trump next January. The presidential transition is slated to be a significant shift not just in terms of party – Obama is a Democrat, while Trump is a Republican – but also in leadership styles and policy approaches.

It also followed a heated campaign between Trump and Democratic candidate Hillary Clinton that brought to the fore deep tensions within the American electorate on issues ranging from income inequality to social policy. Similar debates have also been playing out across the Atlantic within various EU member states, where nationalist parties are increasingly gaining hold in some quarters. (See Bridges Weekly, [13 November 2016](#))

During his trip, Obama called on European leaders to voice, maintain, and protect the values common to both regions, "our commitment to democracy; our commitment to rule of law; our commitment to the dignity of all people," in cooperation with the incoming administration.

"Whoever the US President is, whoever the Chancellor of Germany is, we need to remember that," he urged, in a nod to the upcoming transition back home as well as next year's German elections.

German Chancellor Angela Merkel announced on Sunday that she will run for a fourth term in next September's federal elections. Merkel has already spent 11 years in office, having first taken up the post in 2005, and has long been one of Obama's closest international partners.

Defending shared values

The past several months have seen a tide of anti-globalisation sentiment across various countries, with populist pressures shaping domestic politics on both sides of the Atlantic, as demonstrated in the vote on behalf of the United Kingdom to leave the European Union in June. (See Bridges Weekly, [17 November 2016](#))

More recently, this movement has also been reflected in the outcome of the presidential election in the US, where President-elect Donald Trump promised in his campaign to move away from the Trans-Pacific Partnership (TPP) and re-negotiate the North American Free Trade Agreement (NAFTA), among a host of other promises. (See Bridges Weekly, [17 November 2016](#))

Speaking in Berlin last Friday, Obama called for making a greater effort to reach all of those who feel that they have lost out in the broader globalisation trends.

"For those of us who believe in a world where we're interdependent, that believes in mutual interests and mutual respect between nations, it's particularly important that we reach out to everybody in our countries – those who feel disaffected, those who feel left behind by globalisation – and address their concerns in constructive ways, as opposed to more destructive ways," he said in the German capital.

With regards to the UK's planned talks for leaving the EU, Obama expressed "hope that negotiations over the United Kingdom's exit from the EU will be conducted in a smooth and orderly and transparent fashion, and preserve as closely as possible the economic and political and security relationships between the UK and EU."

The UK government has said that it aims to begin those talks by the end of March 2017, even as the courts continue to consider whether it has the legal authority to do so without first obtaining parliamentary approval. (See Bridges Weekly, [17 November 2016](#))

In [remarks](#) delivered in a joint press conference with Obama, the German chancellor similarly called for improving globalisation, rather than abandoning it entirely.

"We must seize the opportunity to shape globalisation based on our values and our ideas," Merkel said, according to a White House transcript. Globalisation "needs to be given a human face," she added.

"But we cannot allow to fall back into pre-globalisation times. So this conclusion of trade agreements that go beyond the scope of mere tariff agreements, customs agreements, are most important," she said, citing the EU's recent signing of the Comprehensive Economic and Trade Agreement (CETA) with Canada as a step in the right direction. (See Bridges Weekly, [3 November 2016](#))

Obama, Merkel make case for TTIP

Also hanging in the balance is the future of the bilateral EU-US trade talks, known as the Transatlantic Trade and Investment Partnership (TTIP). The negotiations have been underway for three years, with the conclusion of the most recent negotiating round in October in New York City. (See Bridges Weekly, [13 October 2016](#))

The planned accord would feature improved market access in goods, services, and public procurement. It would also tackle topics such as investment and investor protections.

Furthermore, officials say, the accord would include chapters designed to support a more inclusive and sustainable brand of globalisation – such as by helping small and medium-sized enterprises (SMEs) better participate in trade. Negotiators have also been working on including chapters related to labour and the environment.

Together, the EU and the US account for one-third of global trade and almost half of global GDP. In 2015, the volume of trade between the US and the EU amounted to €620 billion (US\$656 billion), the most substantial between any two partners globally.

The pace of the TTIP talks has been sluggish over the last several months, a fact that negotiators have acknowledged specifically when referring to gaps in market access offers tabled to date. However, they have lauded the progress made in various aspects of the deal's text. (See Bridges Weekly, [21 July 2016](#))

The TTIP talks have also been met with wavering popular support, particularly among those in the EU advocating for the US to make greater concessions. They have also faced the challenge of the broader public scepticism on the overall merits of trade accords. (See Bridges Weekly, [9 September 2016](#))

"The negotiations on agreements like TTIP have been challenging, and obviously at a moment when there's concerns about globalisation and the benefits that accrue to particular people, it is important that those negotiations and channels of communication remain," said Obama.

An op-ed [published](#) in the German business news magazine "Wirtschaftswoche" co-authored by Obama and Merkel argues that the economic rationale behind the deal remains strong, and suggests that it will also help cement their shared perspective on other key areas of the transatlantic relationship.

TTIP is "an agreement that knits our economies closer together, based on rules that reflect our shared values, would help us grow and remain globally competitive for decades to come," the piece says.

At present, the fate of the TTIP under a new US administration remains uncertain. The president-elect has not explicitly indicated what he intends to do with TTIP or elaborated on his approach towards relations with Europe on various other levels. (See Bridges Weekly, [17 November 2016](#))

However, Merkel [suggested](#) that the momentum and need for a deal such as TTIP still holds promise for the future.

"They cannot be stopped, those negotiations. But we'll keep what we have achieved so far, and I'm absolutely certain that one day we will come back to what we have achieved and build on it," said Merkel.

ICTSD reporting; "Visiting Europe, Obama Warns Against Rise of 'Crude Sort of Nationalism'," THE NEW YORK TIMES, 15 November 2016; "Angela Merkel to stand for fourth term as chancellor in 2017," THE GUARDIAN, 20 November 2016; "Obama's last trip: Addressing a divided Europe," CNN, 16 November 2016; "Angela Merkel to Stand for Re-Election as German Chancellor," THE WALL STREET JOURNAL, 20 November 2016; "Obama sets off on farewell trip to Europe in shadow of president-elect," THE GUARDIAN, 14 November 2016.

DISPUTES

Disputes Roundup: China Raw Materials Case Advances to WTO Panel Stage

The past weeks have seen a series of developments in WTO dispute settlement, including the establishment of panels in separate US and EU complaints over alleged Chinese export restrictions on select raw materials.

Along with the developments in the raw materials cases, a US-China dispute concerning anti-dumping methodologies has now moved to the appeals stage, while Brazil has launched a case challenging countervailing duties imposed by the US on certain steel products.

Raw materials in focus

The dispute over China's export restrictions on various raw materials has now moved to the panel stage at the WTO, after both the EU and US tabled second panel requests on the subject.

Earlier this year, the US and the EU had each filed requests for consultations ([DS508](#), [DS509](#)) challenging Beijing's export duties, export quotas, and quota administration rules on a set of raw materials that are essential inputs to a range of industries.

The raw materials include antimony, cobalt, copper, graphite, indium, lead, magnesia, talc, tantalum, and tin, which are used in the aerospace, automotive, electronics, and chemical industries, among others. (See Bridges Weekly, [21 July 2016](#))

The complaining parties claim that the measures create an unfair advantage for Chinese manufacturers and violate WTO rules on export prohibitions or restrictions, as well as the terms of Beijing's accession protocol from when it joined the global trade body.

Beijing has defended the measures as necessary for environmental protection. The government has also expressed its regrets that the complainants had not, prior to the panel requests, properly reviewed China's recently published document on its Total Export Quotas of Industrial Products and Agricultural Products of 2017.

After the first round of panel requests had been rejected by Beijing, a second request by the US led to the establishment of a panel in that dispute on 8 November. The EU had tabled its first request at that same meeting, which was rejected by China. (See Bridges Weekly, [3 November 2016](#))

At its meeting on 23 November, the Dispute Settlement Body (DSB) heard a second panel request by the EU, which under WTO rules leads to the automatic establishment of a panel.

Both the EU and US have previously been involved in cases challenging Chinese export restrictions on a range of other raw materials and rare earths. Both disputes ruled against the use of such measures at both panel and Appellate Body stages.

China appeals WTO panel ruling on US anti-dumping methods

Separate, a case concerning anti-dumping methodologies ([DS471](#)) moved to the next stage in the WTO dispute settlement process, as China announced its appeal of an earlier panel ruling involving the US.

In late 2013, China launched a complaint against certain methodologies used by the US in various anti-dumping investigations involving Chinese products. The WTO panel circulated its ruling on the case in October 2016.

One of Beijing's claims related to the use of the so-called "weighted average-to-transaction (WA-T) methodology" by US authorities in calculating the dumping margin, which is only permitted under certain conditions in exceptional cases.

The panel found that the application of this method to all export sales was not justified and violated the WTO Anti-Dumping Agreement, and also took issue with the use of "zeroing" in the WA-T methodology.

Secondly, the panel agreed with China that the US' "single rate presumption" violated WTO law, as multiple exporters from non-market economies (NMEs) were treated as one NME-wide entity based on a presumption of government control and singularity.

The panel rejected China's third claim that the systematic conduct of US authorities to use adverse inferences and facts when it finds that an NME-wide entity has failed to cooperate constituted a rule inconsistent with WTO norms.

On 18 November, China informed the DSB of its intention to appeal the panel's decision. The appeal notice was not yet publicly available when Bridges went to press. Usually, the Appellate Body will review facts of law and legal interpretation, and will generally not interfere with the factual findings of the case.

New Brazil-US case on steel countervailing measures

Brazil launched this month a new trade dispute against the US ([DS514](#)), complaining against countervailing duties imposed on Brazilian imports of cold- and hot-rolled steel flat products, along with the related probes which led to those measures.

In early 2016, the US imposed countervailing duties on imports of the products after investigations into 36 Brazilian measures. Such duties are permitted by WTO law under certain conditions to offset unfair state aid provided by a government to its producers.

According to Brazil, the US investigations as well as the countervailing duties themselves were inconsistent with the WTO Agreement on Subsidies and Countervailing Measures (SCM Agreement) and the General Agreement on Tariffs and Trade (GATT) 1994.

More specifically, Brazil argues that the countervailing duty investigations were conducted without sufficient evidence and based on inaccurate data, taking into account only seven out of the twelve domestic producers. In addition, Washington allegedly failed to demonstrate that the Brazilian measures conferred a benefit to domestic producers and that these were "specific" within the meaning of the WTO's subsidy rules.

Even if the measures were to be recognised as countervailable subsidies, Brazil claims that their amount has been miscalculated and that the countervailing duties are set too high. Therefore, the US duties have a serious adverse impact on Brazilian exports of cold- and hot-rolled steel flat products to the US and violate WTO rules.

The parties now have 60 days to attempt to resolve the dispute through consultations. Should they fail to find a mutual solution, Brazil may request the DSB to establish a panel to hear the case.

ICTSD reporting.

TRADE AGREEMENTS

China, New Zealand Confirm Plans to Update Trade Deal

Officials from New Zealand and China have announced their plans to “upgrade” their existing trade deal, which has been in force since 2008.

The news was confirmed in a [joint ministerial statement](#) issued by New Zealand Trade Minister Todd McClay and Chinese Minister of Commerce Gao Hucheng on 20 November, following a bilateral meeting on the sidelines of the Asia-Pacific Economic Cooperation (APEC) Summit in Lima, Peru.

“New Zealand was the first developed country to negotiate and conclude an FTA with China, and I’m pleased that today we have reached the fifth ‘first’ in our relationship, as the first developed country to launch and upgrade of the FTA,” said New Zealand Prime Minister John Key in a [press statement](#) following the ministerial meeting.

The first round of negotiations is set to begin in the first half of 2017. Key said that the “upgrade” aims to incorporate advances made in other free trade deals which China has reached in the years since the [original accord](#) with New Zealand entered into force.

For example, China has reached deals in recent years with [Australia](#), [Costa Rica](#), [Iceland](#), [Peru](#), [South Korea](#), and [Switzerland](#).

The current FTA provides for the [progressive elimination](#) of tariffs on 96 percent of New Zealand exports by 2019, while New Zealand committed to phasing out tariffs on all imports from China by 2016. It also has provisions aimed at improving services market access over time, together with efforts at boosting customs cooperation and facilitating business travel, among others.

According to New Zealand government figures, bilateral goods trade doubled between the two trading partners during the 2009-2014 period, reaching NZ\$20 billion (US\$14.1 billion).

New Zealand’s major goods exports to China include dairy and wood products; the country’s major services exports to China include tourism and education. Meanwhile, China’s top goods exports to New Zealand include electronics, clothing, furniture, and toys.

Working group recommendations

In the build-up to this weekend’s announcement, a joint working group had spent the past several months reviewing what areas should fall under the upgrade’s scope.

These include topics such as e-commerce and competition policy; technical barriers to trade, customs cooperation, and trade facilitation; rules of origin; services; agricultural cooperation; environment; and government procurement.

The working group [report](#) also notes that the two Pacific trading partners may choose to add other areas to this list later on.

Upgrading the deal, the working group said, will help “respond to the evolving regional and global economic architecture, and ensure the FTA remains more relevant in the current circumstances of trade, investment, and business between China and New Zealand.”

Some industry groups have welcomed the move to update the accord, particularly in light of technological and other developments in recent years, such as in the area of e-commerce.

"It is important that the regulations around e-commerce facilitate the expansion of this trade," said Catherine Beard, executive director of ExportNZ, in comments to Chinese news agency Xinhua.

Regional trade context

Both China and New Zealand are participants in the ongoing 16-country Regional Comprehensive Economic Partnership (RCEP) negotiations, which are due to continue into 2017. (See Bridges Weekly, [10 November 2016](#)). These trade and investment talks also include all ten members of the Association of Southeast Asian Nations (ASEAN), along with Australia, India, Japan, and South Korea.

The joint ministerial statement by McClay and Gao reaffirmed the two sides' "commitment to work towards the swift conclusion of the RCEP negotiations," as outlined in a separate statement issued by all RCEP ministers last month.

ICTSD reporting; "China, New Zealand launch talks to upgrade free trade pact," REUTERS, 21 November 2016; "Beefed-up China trade deal hoped to benefit dairy farmers," NEWSHUB, 22 November 2016; "New Zealand govt, exporters hail potential of China FTA upgrade," XINHUA, 21 November 2016.

EVENTS & RESOURCES

Events

Coming Soon

26-27 November, Ashgabat, Turkmenistan. GLOBAL SUSTAINABLE TRANSPORT CONFERENCE. UN Secretary-General Ban Ki-moon is convening the first-ever global conference on sustainable transport, examining the subject in relation to its implications for tackling climate change and achieving sustainable development objectives. Topics on the agenda include address all modes of transport, along with the relationship with energy policy; the need for the appropriate financing; and the relationship with the Sustainable Development Goals. To learn more, visit the event [website](#).

28-29 November, Bangkok, Thailand. TRADE IN THE DIGITAL ECONOMY. This event is being organised by the Asian Development Bank Institute (ADB), with the support of the UN Conference on Trade and Development (UNCTAD) and the UN Economic and Social Commission for Asia and the Pacific (UNESCAP). The workshop's goal is to develop an analytical framework for better understanding how the evolutions seen in the digital economy are affecting trade flows. More information is available [here](#).

29 November, London, United Kingdom. WHAT'S TRANSFORMING THE ENERGY SECTOR? This event is being organised by Chatham House, featuring as its guest speakers Tomas Kåberger, Professor of Industrial Energy Policy at Chalmers University of Technology; Catherine Mitchell, Professor of Energy Policy at University of Exeter; and Antony Froggatt, Senior Research Fellow at Chatham House. Topics for discussion will include the latest developments in renewable energy, including with regards to investment; efforts to improve energy efficiency; and other subjects related to the ongoing work by governments and others to move toward lower-carbon energy sources. More information is available [here](#).

30 November – 2 December, Rotterdam, Netherlands. WOC SUSTAINABLE OCEAN SUMMIT. This event is organised by the World Ocean Council (WOC), and aims to bring together the top companies involved in ocean-related industry, together with actors from the public sector, academia, and civil society. The theme for SOS 2016 is: OCEAN 2030: Sustainable Development Goals and the Ocean Business Community. For more information, including a draft programme of sessions, please visit the WOC [website](#).

1 December, Washington, US. SUSTAINABILITY, SMART CITIES, AND THE INTERNET OF THINGS. This event is being hosted by the Centre for Technology at the Brookings Institution, featuring a panel of experts in the field of technology and sustainable development. The panel will examine how technology can help support efforts to create more sustainable cities, touching upon topics such as water and air quality, among others. The event will be webcast live. More information and registration is available [here](#).

WTO Events

An updated list of forthcoming WTO meetings is posted [here](#). Please bear in mind that dates and times of WTO meetings are often changed, and that the WTO does not always announce the important informal meetings of the different bodies. Unless otherwise indicated, all WTO meetings are held at the WTO, Centre William Rappard, rue de Lausanne 154, 1211 Geneva, Switzerland, and are open to WTO Members and accredited observers only.

25 November: Informal Trade Policy Review Body

25 November: Working Party on Domestic Regulation

25 November: Council for Trade in Services

25 November: Informal Open-ended Negotiating Group on Market Access

28 November: Informal Group of Developing Countries

28 November: Committee on Government Procurement

29 November: Committee on Balance-of-Payments Restrictions

30 November: Committee on Budget, Finance, and Administration

1 December: Informal Heads of Delegation

Other Upcoming Events

2 December, Ottawa, Canada. THE GLOBAL ENVIRONMENT OUTLOOK AND PATHWAYS TO SUSTAINABILITY. The event is being organised by the International Institute for Sustainable Development (IISD) and UN Environment, and will feature speakers from both organisations, along with academics and public sector officials from the US and Canada. Participants will review key findings from the sixth Global Environment Outlook: North American Assessment Report, along with discussing the implementation of the 2030 Agenda for Sustainable Development and various related topics. Registration is available [here](#).

5-7 December, Abuja, Nigeria. AFRICAN ECONOMIC CONFERENCE 2016. The theme of this year's African Economic Conference will be "Feeding Africa: Towards Agro-Allied Industrialization for Inclusive Growth." The meeting is being organised jointly by the African Development Bank Group (AfDB), the UN Development Programme (UNDP), and the United Nations Economic Commission for Africa (UNECA). Coming in the wake of the 2015 adoption of the Sustainable Development Goals (SDGs) and other key international events, this meeting will focus on how agricultural policy in the continent must evolve to achieve improved growth and help address poverty and hunger. More information is available [here](#).

7 December, Brussels, Belgium. E15 INITIATIVE SESSION AT THE ACP TRADE MINISTERS MEETING. This event is being hosted by the International Centre for Trade and Sustainable Development (ICTSD), the World Economic Forum, and the ACP (African, Caribbean, and Pacific) Secretariat. The session will provide an overview of the E15 Report launched at Davos, Switzerland, with a specific focus on the options that are most relevant both to ACP countries and the broader multilateral system. The meeting will also include a discussion with ministers. To learn more, click [here](#).

13 December, Beijing, China. 15TH ANNUAL CONFERENCE ON WTO AND CHINA. The conference is being co-hosted by University of International Business and Economics (UIBE), the China Society for World Trade Organization Studies (CWTO), and the International Centre for Trade and Sustainable Development (ICTSD). Participants will discuss topics such as the impact of China's WTO accession over the past 15 years, along with Beijing's G-20 presidency in 2016, and other related issues. More information is available at the [ICTSD website](#).

Resources

PUBLIC STOCKHOLDING FOR FOOD SECURITY PURPOSES: OPTIONS FOR A PERMANENT SOLUTION. Published by the International Centre for Trade and Sustainable Development (ICTSD) (21 November 2016). This new paper aims to support the efforts within the WTO to agree on a "permanent solution" on public stockholding for food security, in light of previous commitments made on the subject. The authors provide both a review of existing data along with a set of initial options for negotiators to consider. The publication is available for download [here](#).

AN ADVANCED GUIDE TO TRADE POLICY ANALYSIS: THE STRUCTURAL GRAVITY MODEL. By Yoto V. Yotov, Roberta Piermartini, José-Antonio Monteiro, and Mario Larch for the World Trade Organization (WTO) (November 2016). The book is a follow-up to "A Practical Guide to Trade Policy Analysis" published four years ago, with this new volume working to provide additional guidance on using certain economic methods for reviewing the potential effects of trade policy. The book can be downloaded [here](#).

GLOBAL VALUE CHAINS, INDUSTRIAL POLICY, AND SUSTAINABLE DEVELOPMENT – ETHIOPIA'S APPAREL EXPORT SECTOR. By Cornelia Staritz, Leonhard Plank, and Mike Morris for the International Centre for Trade and Sustainable Development (ICTSD) (November 2016). This country case study uses an ICTSD-developed methodology to review the current state of the Ethiopian apparel sector, along with recent domestic industrial policies aimed at developing it further. The authors also examine what this may mean for sustainable development. The paper can be found [here](#).

UNFINISHED BUSINESS IN AGRICULTURAL TRADE LIBERALISATION. By Joseph W. Glauber (November 2016). This new paper reviews the state of play in WTO agricultural negotiations, reviewing both unaddressed issues from earlier talks and new issues that have emerged in recent years. The author, a senior research fellow at the International Food Policy Research Institute (IFPRI) also provides suggestions for moving forward in trade liberalisation efforts. The paper can be accessed [here](#).

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